

Policy Goal 4 Conduct Appropriate Outreach Through Partnerships to Serve Small Farm and Ranch Operators

At the Memphis hearing the Commission heard that "sometimes, attempts to find the starting place for access to federally generated or federally supported information that is relevant to small family farms were intimidating, confusing, or sometimes led to less visible, underfunded, and overextended offices or people. So it is out there but sometimes it is hard to know where to begin." Information is critical in making wise farming decisions and there are many sources of information. USDA has a responsibility to actively provide this information to all its customers. Increasingly, research and extension institutions are underfunded and overextended. This is where partnerships with community-based organizations, nonprofits, land-grant universities, and other interested groups should be fostered by USDA so that small farm operators are given the greatest opportunity to become aware of and use USDA programs. USDA and its partners should actively seek out small farm and ranch operators.

The Commission recognizes that USDA and its partners have various tools to reach their customers, such as newsletters, press releases, workshops, conferences, and World Wide Web pages. However, we heard that information about USDA programs is not reaching all potential customers as effectively as it should. A representative from a community-based organization stated at the Washington, DC, hearing that "we think one of the biggest things that keeps limited-resource farmers from succeeding is their lack of access to services. We believe outreach is absolutely critical to this function."63 Effective outreach can make the difference in access to services. At the Sacramento hearing the Commission heard that, "the problem comes when it comes to translating better said, to disseminating—these results. Usually, we operate under very limited resources, and it's not easy to have an outreach coordinator or someone that can go out and promote the results or promote the adoption of these practices."64 His statement emphasizes that USDA and land-grant universities have information needed by small farm operators; however, there are barriers to its effective transmission. This includes less than adequate resources for outreach as well as mismatches between the methods and the target groups.

With these types of constraints, USDA must continue to seek partners in providing information about its services. The Civil Rights Action Team (CRAT) report made several recommendations dealing with outreach. Progress has been made in some areas. However, the Commission believes that more

⁶² Testimony of Teresa Maurer, Appropriate Technology Transfer for Rural Areas, Fayetteville, AR, at public meeting, Memphis, TN, July 28, 1997.

⁶³ Testimony of Lorette Picciano, Rural Coalition, Washington, DC, at public meeting, Washington, DC. September 10, 1997.

⁶⁴ Testimony of Jose Montenegro, Rural Development Center, Salinas, CA, public meeting at Sacramento, CA. September 15, 1997.

needs to be done to ensure that information reaches small and underserved farmers. Outreach opportunities will be enhanced by developing partnerships between USDA, the land-grant universities, community-based organizations, and nonprofits that have direct contacts with small farm and ranch operators. In a August 1997 policy brief from *The Urban Institute* stated that "experience has shown that when nongovernmental institutions become partners with public agencies, they can sometimes accomplish things that have proved difficult for government to do alone."65 The time is ripe to forge partnerships and to pay more attention to communication methods, media, and techniques that can enhance our collective level of impact.

Identify small farm and ranch operators

In order to reach clientele more effectively, USDA and its partners need to focus on client identification by obtaining up-to-date information on who and where the clients are. The following are recommended:

Recommendation 4.1

The Commission recommends that USDA develop a voluntary directory of small farms and ranches through the utilization of local county personnel of each agricultural agency and that this directory be developed in cooperation with the voluntary minority farms registry. The Commission recognizes that FSA, NRCS, and Rural Development work with local groups and programs in counties across the country, and USDA should use those resources to complete the directory. Such programs and partners include, but are not limited to, the Resource Conservation and Development (RC&D) Councils, the Outreach and Technical Assistance Program for Socially Disadvantaged/Minority Farmers program (Sec. 2501 program), and community-based organizations.

Recommendation 4.2

Upon completion of a county directory of small farm and ranch operators, the county will present its information to its State Outreach Council. The Council will be a part of the Food and Agriculture Council in each State. The USDA Office of Outreach will then oversee completion of the project. The State lists should be readily available to all agencies for their work with small farmers and ranchers.

Recommendation 4.3

Local USDA agency personnel and supervisors should be held accountable for target audience outreach programming. The Commission fully supports CRAT recommendation No. 9, which requires the establishment of reporting requirements to periodically collect data from USDA field offices to measure program delivery to minority, women, and small and limited-resource farmers and support its immediate implementation. Documented efforts and successes to reach those small farm operators will be used as a measure of performance of each agency's overall performance in serving underserved customers.

⁶⁵ Kingsley, G. Thomas and James O. Gibson, Civil Society, The Public Sector, and Poor Communities. The Urban Institute. Washington, DC. August 1997, No. 12.



Creative programs in farm apprenticeships and on-the-job training, such as those of the Rural Development Center in Salinas, California, have trained and educated minority farmers and farmworkers for entry-level farm operations. To take advantage of those working relationships and programs, partnerships should be developed and strengthened so small and underserved farmers can gain greater access to USDA services and land-grant institutions. The Commission consistently heard that the (1) lack of credit; (2) lack of information; and (3) complexity of program compliance have contributed to the loss of viability by small farm and ranch operators. Effective outreach and program delivery could relieve some of the problems in these areas. The Commission recommends the following:

program, using direct loan funds, to establish a relending program administered by community-based and nonprofit organizations. Currently, Rural Development administers the Intermediary Relending Program. Through this program, direct loans are made to intermediary borrowers (i.e., private nonprofit corporations, State or local government agencies, Indian tribes, and cooperatives) who, in turn, relend the funds to rural businesses, private nonprofit organizations, and other qualified recipients. The recipients must use the loan for economic and community development projects, the establishment of new businesses and/or the expansion of existing businesses. The proposed

relending program should be geared toward small loans to purchase equipment, supplies, and other inputs for production agriculture for small farms,

The Secretary should request that Congress authorize USDA to develop a

Network and mentoring programs; educational services

The Commission determined that the establishment and continued support of farmer support networks, mentoring programs, apprenticeship programs, and consortiums are critical for small farm and ranch operators to exchange information with one another, with key partners who support small farmers and ranchers, and with consumers wanting to learn more about small-scale agriculture. The Commission heard that the feelings of isolation which many farmers experience could be mitigated through farmer networking. Beginning farmers or farmers venturing into new crops can benefit from direct feedback from other farmers with greater experience.

One example of a relatively effective innovation in networking is *The Sustain*able Agriculture Network, a cooperative effort of university, government, farm, business, and nonprofit organizations dedicated to the exchange of scientific and practical information on sustainable agriculture systems. NRCS has also established the National Science and Technology Consortium, a support mechanism used to provide consistency in the development and delivery of technical products and services throughout NRCS. The consortium includes partners such as colleges, universities, non-government organizations, and the private sector.

Recommendation 4.4

including purchases of land.

Another example includes the one-on-one small farm assistance program offered by the Cooperative Extension Service in Kentucky as described to the Commission during the Memphis hearing. USDA could also build upon the work of the Retired Educators for Agriculture Programs (REAP), whose purpose it is to recruit African-American youth and reestablish them in the vocational agriculture and 4-H programs in the public schools in Oklahoma. This group could be considered by USDA as a nucleus to start using the expertise of retired minority USDA employees. They are a valuable resource and in many cases know the people needing the services.

Recommendation 4.5

The Commission recommends that USDA, through the newly formed USDA Office of Outreach, strongly suggest that Farm Service Agency State Executive Directors, Rural Development State Directors, NRCS State Conservationists, and State Cooperative Extension program administrators and directors support the formation of such networks, mentoring programs, and consortiums for small farm and ranch operators. As networks, mentoring programs, and consortiums are developed, one of the goals of each should be the continued viability of small farms and the wise use of our natural resources on private and public lands.

Recommendation 4.6

The Commission encourages USDA to continue to fund training sessions, newsletters, and other educational materials through our traditional partner organizations, as well as with new ones.

Recommendation 4.7

The Natural Resources Conservation Service and other appropriate USDA agencies should conduct local educational seminars for small and traditionally underserved farmers and ranchers for the purpose of explaining agency programs, including the environmental and economic benefits derived from the programs. These seminars should target conventional and organic farmers.

USDA can support community-based organizations not just through funding, but also through collaborative projects that help guide university research and extension programs to better serve minority farmers.

Farmer advocates

- Jose Montenegro, California

Farmers face many regulations as they operate their farms. The regulations may be governed by the financing arm of USDA or the Farm Credit System, the regulatory arm of EPA, or various local and State authorities overseeing land use and taxes. To understand and comply with these regulations is a part of doing business. However, it is also important that farmers be treated fairly and given timely information that they need to conduct their business. In the 1980's, a number of farmer advocates were established in various areas of the country to help farmers understand their choices and responsibilities under the various USDA programs. Some farmer advocates are supported by organizations and their services are provided at no charge to the farmer. In other cases, farmers must pay a fee to the farmer advocate. Currently, there are approximately 65 groups, in addition to State departments of agriculture, that provide some type of farm advocacy assistance.

Recommendation 4.8

USDA should work with community-based organizations to train people in becoming farmer advocates and create a pool of qualified farmer advocates. This effort could be funded through a grant program, jointly funded by USDA in collaboration with nonprofit funding organizations, to facilitate the establishment of a program or the continuation of programs already established.

Outreach program for cooperating banks

The full potential of programs is not being achieved due to the lack of assertive outreach with specific customers or because the products of a program are slow in getting into the hands of the small farm operator. During the Memphis and Sioux Falls hearings, the Commission heard that educating lenders about USDA programs and the needs of small farm operators is a necessity if USDA lending programs are to be effective in serving small farm and ranch operators. The Commission appreciates the work being done by USDA to garner input from lending stakeholders and attending lending conferences, but more proactive measures are needed in order to meet more fully the needs of small farmers.

Recommendation 4.9

The Secretary should direct the FSA Administrator to develop and implement a formal outreach program directed at the commercial lending community to promote guaranteed lending for small farm and ranch operators, with special emphasis on women, beginning, and minority farmers, and to work with the commercial sector to remove barriers to guaranteed lending. Farm Credit System- and USDA-approved guaranteed loan banks should be encouraged to participate with USDA in improving credit access to small, beginning, and traditionally underserved farmers.

Recommendation 4.10

USDA Rural Development should strengthen its current outreach program for the Business and Industry Guaranteed Loan program to banks as a source of funds for locally owned value-added businesses. The Commission understands that a video is available at State offices at no cost for industry meetings and conferences, a presentation is available upon request, and updated brochures numbering 450,000 were distributed to field offices. To measure effectiveness, the Commission recommends a requirement that loans under this program be prioritized for locally owned, value-added farm-product-related business or small farm business operations.

Recommendation 4.11

USDA should utilize existing regional and national conferences and workshops to inform potential lenders about the Intermediary Relending Program (IRP) program, and about the opportunities for using it for locally based market development for small farms. USDA Rural Development program staff should actively seek opportunities to conduct workshops at annual conferences of small farm organizations and community-based organizations that serve farmers, such as the Small Farm Conference in California, the Federation of Southern Co-ops annual meeting, and the annual Small Farm Trade Show and Conference in Missouri.



Risk management program delivery

Risk management is seen as a major part of the "safety net" in times of disaster and low prices, yet products to match the modern day dilemmas are slow in coming and in reaching the small farm operator. Due to the 1996 FAIR Act, producers are making management decisions in a new era of farm policy. In some programs, major changes are made, yet affected farmers do not receive the information in a timely fashion to make sound business decisions. In some cases, basic training is needed to ensure business decisions are based on sound principles. In April, USDA announced a multi-year \$5 million initiative to energize risk management outreach. The initiative is expected to intensify private and public sector efforts to introduce producers to risk management tools.

Recommendation 4.12

Educational efforts by the USDA Risk Management Agency (RMA) (former Federal Crop Insurance Corporation) should address sustainable agriculture practices as a means of managing risk. Efforts should attain a high level of participation by small farm and ranch operators. ("Risk management" is the new terminology for "crop insurance.") RMA should establish and provide information and strategies from data accumulated on small farms. The RMA educational initiative must document the number and type of small farmers and ranchers it has reached; what products of risk management have been developed specifically for small farmers and ranchers to create a safety net; and the number of small farmers and ranchers using those products. In order for USDA to be of assistance to producers, it must conduct research that will allow the producer to have more information about risk management, production practices, marketing techniques, and processing options.

Recommendation 4.13

The Commission recommends that the Secretary of Agriculture support legislation and take administrative action to: (a) expand coverage nationwide to insure non-commodity crops; (b) increase transitional yields to all counties for all crops; (c) increase Federal Government subsidy on crop insurance premiums to support levels of 75 percent without increasing farmer premiums at the current level of 65 percent; and (d) increase the Noninsured Crop

Disaster Assistance Program (NAP) levels to 70 percent yield and 80 percent price while maintaining premium cost currently paid by farmers. The value of coverage should not exceed \$250,000 in annual gross sales.

Effective outreach materials

Improvement is needed in agency outreach tools and documents. The way a form is written, the way a brochure is prepared, the way employees present themselves to customers are all important in determining if a potential USDA customer is going to receive the service needed. The Commission is aware that FSA did revise the direct loan assistance form in 1997 and did reduce the number of forms sent to applicants. USDA should continue to make revisions that benefit the applicant.

Recommendation 4.14

The Secretary should direct the FSA Administrator to immediately develop and implement a formal outreach program to directly notify the approximately 8,400 clients faced with shared appreciation of their options and what actions USDA is taking to assist in defusing this situation, as recommended by Policy Goal 1, Recommendation 1.22.

Recommendation 4.15

USDA should streamline applications in all agencies and develop a "low doc" application for smaller grant and loan requests. Program staff should assist small and limited-resource farmers with completing the application process. Agencies should make applications available in appropriate languages and hire or contract with employees proficient in appropriate languages to assist applicants.

Recommendation 4.16

The Commission recommends that each agency should identify and implement effective ways to reach small farmers. The new USDA Office of Outreach should be empowered to evaluate agency plans for effectiveness. The Commission fully supports implementation of CRAT recommendations 38, 39 and 40:

CRAT Recommendation No. 38 - "Develop a strategic outreach plan, as part of USDA's strategic plan, for which Agency Heads will be held accountable through the Civil Rights performance standard."

CRAT Recommendation No. 39 - "Establish in each agency an outreach liaison position to coordinate and direct outreach programs in conjunction with the new USDA Office of Outreach. The agency coordinator must be responsible for monitoring outreach goals and accomplishments to underserved customers."

CRAT Recommendation No. 40 - "Establish State and National Outreach Councils, comparable to the USDA Food and Agriculture Council (FAC), to coordinate outreach efforts of all USDA agencies with State and locallevel program delivery. Require that Outreach Councils establish partnerships with community-based organizations and 1890, 1994, and 1862 land-grant institutions, Hispanic Association of Colleges and Universities, and the Research and Employment Access Programs Initiative to enhance program and service delivery to underserved communities."

Recommendation 4.17

Communications should be improved within and between USDA agencies. It has been noted that USDA agencies do not effectively communicate among one another on common issues, such as assistance to small farm operators. Efforts should be taken to increase exchange and collaboration across agencies and programs to better serve small farm operators. For example, the Sustainable Agriculture Research and Education (SARE) program is a valuable program to small farm operators and USDA agency personnel should be provided an overview and training to foster understanding of the benefits of the program and garner ideas to improve their agency's efforts to reach small farm and ranch operators.

Recommendation 4.18

The Commission recommends that the new USDA Office of Outreach conduct performance and impact evaluations of programs that serve small farms. The evaluations should be used to measure the effectiveness of projects in serving the needs of small farm operators. The Office of Outreach is directed to develop a system to determine the effectiveness of agency outreach efforts. Based on annual appraisals, agencies could determine if small farmers and ranchers are being reached. The Office should work with the Office of Communications and CSREES to develop means of determining effectiveness through focus groups and other measures. As part of project or program implementation, USDA should require impact assessments.

Continuing education

Farmers need on-going development of skills and knowledge and continued education to upgrade their skills. Some people are interested in becoming farmers, but lack farming skills. A process should be developed that encourages farmers to learn and to keep up with the changing trends in agriculture. Constraints on continued skills development include, among others, time of course offering, lack of transportation, language barriers, and schedules that conflict with USDA office hours.

Recommendation 4.19

USDA agencies should develop innovative ways to improve access to learning opportunities and to encourage participation. One example includes USDA offering certificates of completion for courses or meetings attended by small farm operators. Then, local communities and businesses could be encouraged to recognize these certificates with some type of benefit to the farmer, such as a discount for services or with a congratulatory posting by the community showing support for the farmers. USDA's success could be measured by how many new participants were reached within 1 year of this report being issued.

Recommendation 4.20

USDA Administration should review employment policy to provide the flexibility for USDA offices to be partially staffed on Saturday or after regular office hours to accommodate the schedules of small farm and ranch operators and to be accessible for community meetings and other outreach activities. Also, USDA local offices could hold open houses to provide an opportunity for small farm and ranch operators to become familiar with the operations of the office.

Recommendation 4.21

USDA should encourage the use of local paraprofessional technicians, when and where it is cost-effective, to assist in office paperwork processing, assist clientele in the application process, and disseminate timely program information.

Forestry outreach

The Forest Service has a major responsibility to ensure healthy, sustainable forests on Federal as well as non-Federal lands through stewardship planning and professional technical assistance. The Commission heard during the Portland, Oregon, hearing that "any of the USDA programs and activities aimed at maintaining or enhancing the viability of small farms should include the element that focuses on forest production." As timber harvesting on public lands has decreased, timber companies are increasingly looking to private woodlot owners for their source of timber. About fifty-eight percent of all the forest land in this country with the potential to produce commercial quantities of timber is owned by small farm operators and non-industrial private owners. Clearly, outreach is needed to ensure sustainable forestry for conservation and economic purposes.

Recommendation 4.22

The Secretary should direct the Chief of the Forest Service to intensify outreach efforts directed toward small farm operators and traditionally underserved farmers who own private woodlots. The Commission strongly supports the concept of an Outreach Coordinator position at regional levels within the Forest Service. This concept is described in the Civil Rights Action Team Report, Recommendation No. 39.



Policy Goal 5 Establish Future Generations of Farmers

For me, as a small, young farmer, if I'm going out right now, and I'm going to try to start a farm or start a program, I go to get money, they just kind of look at me and laugh. They just don't really understand the reason why I'm there or what I'm trying to do.

- Joel Harper, Kentucky

The future structure of agriculture depends on the ability of a new generation to enter farming. Entry into the farming business necessitates the existence of a well-developed infrastructure of support. The barriers that hinder the next generation from entering farming are significant. Challenges to farm entry include:

- Inability to acquire the initial capital investment
- Insufficient farm entry strategies
- Inadequate access to appropriate financial, managerial, and production assistance for entering and exiting farmers.

The challenges to the continuance of small farms are highlighted by demographic data on the farm population based on the 1992 Census:

- The average farmer was 53.3 years old in 1992, up from an average of 50.3 in 1978.
- Between 1982 and 1992, the percentage of young farmers under 25 was cut in half.
- Twenty-five percent of all farmers are 65 years of age and older.

The future of small farms, and the businesses that rely on them, will depend on young people being able to enter careers in farming. USDA-ERS research predicts that between 1992 and 2002, a half million older farmers will retire – approximately one-fourth of all farmers. ERS predicts they will be replaced by only 250,000 farmers. ⁶⁶ It will be critical to regenerate a trained, skilled base of prosperous, stable, community-involved independent farm business families. These families will provide an element of economic stability for rural America, protect its prime farmland and steward the land into the next century.

At no other point in the history of U.S. agriculture have we faced such a wide generational gap in farm participants. USDA and other researchers have studied this problem but no comprehensive strategy has been launched by USDA to date to improve opportunities to enter farming.

One strategy for the development of new farmers is apprenticeship programs. The Commission heard testimony about an effort to train farmworkers to become farmers in the Salinas Valley of California. The Rural Development Center (RDC) is a nonprofit organization that trains groups of farmworkers in the production, management, and marketing of fresh produce. They receive instruction in organic vegetable production and have access to machinery and land owned by RDC. Upon completion of the training program, they are prepared to begin farming, but often face barriers gaining access to credit to purchase or lease land. According to one of the RDC trainees, the program

⁶⁶ Gale, Fred. 1994. The New Generation of American Farmers, Farm Entry and Exit Prospects for the 1980's. AER-695. USDA-ERS.





provides a tremendous opportunity to learn to farm. However, barriers remain in obtaining "...technical assistance; access to credit; assistance and more information in our own language, being Spanish; more support in organic farming as an alternative; more information regarding marketing; more accessible organic land for small farmers so that we can work in a healthy environment; and more control, because there's an intermediary that controls the prices."67

Programs like this one that help create the opportunity for people to begin a career in agriculture can be supported and replicated in order to establish the next generation of farmers. In the same way that Federal Government agencies such as Health and Human Services and private foundations are concerned about the aging of rural doctors, we should be as concerned about the aging of our Nation's farmers and should take the requisite steps to support opportunities and provide incentives for people to enter farming.

The Commission also received testimony describing several State agency and nonprofit organizations that address the barriers to entry for beginning farmers. These efforts include programs that link retiring farmers with beginning farmers; development of new, regionally appropriate transition and tenure models; and development of a National Farm Transition Network to strengthen existing programs and help to establish new programs throughout the country. The need for transition programs was affirmed by a South Dakota banker who said, "I think we need more shared (opportunities) —the guy who is trying to phase out cooperating with somebody trying to phase in. You load enough debt on a beginning farmer or a small farmer to take over a good-sized operation, and his risk of failure just goes through the roof. But if you've got a partnership between somebody who's trying to retire and someone who's trying to get in, the balance of that risk shifts a bit."68

Access to capital is a critical component in establishing the next generation of farmers. One-fourth of young farmers (under 35) have a net worth of less than \$100,000, well below what ERS classifies as necessary for a viable commercial farming operation of \$500,000 in capital. Credit is one critical source for obtaining capital, but "about half of all young, low-equity farmers fail conventional underwriting standards and have difficulty obtaining commercial credit."69 Instead of credit, young farmers often rely on renting land rather than purchasing. Landlords provide most of the real estate capital managed by beginning farmers. Merchants and equipment dealers are also an important source of operating credit for beginning farmers.

USDA assistance for beginning farmers has been primarily in the form of subsidized credit for operating costs and farm ownership. Beginning in 1992,

Testimony received from Carlos Aguilar, Rural Development Center, Salinas, CA. In Washington, DC, on September 10,

⁶⁸ Testimony from Boyd Waara, Vice President, First National Bank in Philip, South Dakota, at August 22, 1997 Public Meeting of the National Commission on Small Farms.

⁶⁹ Issues in Agriculture and Rural Finance / AIB-724-04. Economic Research Service, USDA. August 1996. p. 2.

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FSA initiated a downpayment loan program for beginning farmers to purchase land. A beginning farmer can make a downpayment of 10 percent for a farm purchase and FSA will finance 30 percent of the purchase at a subsidized interest rate. Another lender finances the remaining portion, which can be guaranteed by FSA.

The 1996 FAIR Act created additional opportunities for assisting beginning farmers with access to credit. The downpayment guarantee was increased to 95 percent. Beginning farmers are eligible to participate in the joint financing program for farm ownership loans where FSA can provide half the financing of a farm purchase at no less than 4 percent interest. Another lender provides the remaining financing that can be guaranteed 90 percent by FSA. The FAIR Act targets 70 percent of direct farm ownership loans to beginning farmers, 60 percent of which is to be used for downpayment loans. Beginning farmers also have priority in purchasing farmland from FSA inventory.

The South Dakota banker also expressed caution in assuming that access to credit will solve the entry barriers for beginning farmers, noting, "... it is unwise and unhealthy to substitute credit, even if it's subsidized credit, for income."⁷⁰ Debt without certainty of income can prove to be a disastrous venture for beginning farmers. While recent changes in USDA credit policy have shifted attention to beginning farmers, non-credit programmatic efforts are needed to create greater economic opportunity for beginning farmers. Initiatives to assist beginning farmers are needed to tailor research, extension, and marketing assistance to the needs of new entrants.

Tax policy plays a critical role in the transfer of farmland, private woodlands, and other assets from one generation to the next. Neal E. Harl, an Iowa State University agricultural economist, explains that taxes are part of an incentive system. As the level of taxes on assets changes, the incentives to invest or not invest in that asset are affected. With regard to the Taxpayer Relief Act of 1997, agriculture will be most affected by the reduction in capital gains tax rates and the creation of the family-owned business exemption.

Harl projects that different rates of tax for capital gains distort economic activity by encouraging people to invest in response to tax incentives rather than the market and will be used for the primary purpose of tax sheltering. The recent capital gains changes will not "unlock" assets, according to Harl, and will largely benefit the top 5 percent of taxpayers. He States that "the economic fortunes of this country over the next century are likely to be more dependent upon investment in human capital than investment in real capital assets. If we want to create an incentive, it's investment in people that will boost national income."71

Testimony from Boyd Waara, Vice President, First National Bank in Philip, South Dakota, at August 22, 1997 Public Meeting of the National Commission on Small Farms.

⁷¹ Harl, Neil E. Guide to the Taxpayer Relief Act of 1997 (Public Law 105-34) Signed August 5, 1997. Iowa State University p. 43-45.



The Commission heard of several cases where young people seeking FSA loans were denied because the eligibility requirements have been interpreted to discount the farming experience of young people who grew up farming with their parents, worked as hired farm labor, or received training through on-farm internships and apprenticeships. FSA's eligibility criteria for beginning farmers does not adequately take into account the on-farm experience of young potential farmers.

Recommendation 5.1

The Farm Service Agency Administrator should issue a national policy statement that clarifies and defines the documentation necessary to certify eligibility requirements for beginning farmers. The eligibility requirements should include specific allowance for persons raised on family farms or who have farm experience as hired farm labor or from internships and related training programs.

Farm transfer

Currently, if a farmer wishes to transfer the farm to his or her heirs and take some equity for retirement, the heirs must apply for and receive an acquisition loan with which to "buy out" their parent(s) and a separate operating loan. The process is cumbersome and frequently impossible because no credit is given for the fact that the long-term operators are still, for all intents and purposes, engaged in supervising the farm operation. The heirs might have trouble qualifying under beginning farmer elibigility rules even though they have been actively engaged in operating the farm with their parents.

Recommendation 5.2

Both the Farm Service Agency and the Farm Credit system (FCS) should streamline and facilitate improved transfer and assumption programs of existing FSA and FCS loans between family members to improve transferring farms from one generation to another.

First Time Farmer Bonds

Tax-exempt bonds issued by States, called First Time Farmer Bonds, are used in approximately 30 States for the backing of low-interest farm ownership loans for beginning farmers. However, the potential of these programs to help new farmers enter farming has been limited due to the size of these programs. In addition, First Time Farmer Bonds are a small part of the tax-exempt bonds that States use for economic development, but some of the most successful bond programs are bumping up against their caps. The potential of these programs could be expanded through legislative changes.

Recommendation 5.3

Congress should authorize the Farm Service Agency to guarantee tax-exempt First Time Farmer Bonds used to make loans to beginning farmers and ranchers. Certain agricultural bonds should be exempt from the industrial revenue bond cap each State has under Federal regulations. These bonds should be allowed for use in seller-financed transactions between family members.



The Farm Credit System, as a government-sponsored enterprise, is required by law to provide credit and financial services to beginning and small farmers. However, the law does not specify any target levels or accountability to ensure that FCS is serving the needs of these farmers. FCS has a poor record of lending to small, limited-resource, beginning, and minority farmers. USDA-ERS analysis shows that FCS primarily lends to older and well-established farmers. In 1994, only 4 percent of FCS debt was held by farmers under the age of 36, compared to a national share of 14 percent debt owed by young farmers.⁷²

Recommendation 5.4

The Commission strongly encourages the Farm Credit System to do a better job providing financing to low-equity farmers across the country. USDA must review carefully and undertake necessary changes to its guaranteed lending programs for FCS institutions to more fully utilize guaranteed lending opportunities. Congress should enact legislation requiring that at least 15 percent of the Farm Credit System borrowers include low-equity, beginning farmers annually. This legislation could be modeled after the lending requirements placed on Fannie Mae and Freddie Mac to serve low-income borrowers and underserved communities.

Beginning farmer development

The National Farm Transition Network as well as the Rural Development Center in Salinas, California, are models that should be replicated throughout the country for the purpose of providing farmworkers and beginning farmers with the information, technical assistance, mentoring, and training needed to make a successful start in farming.

Recommendation 5.5

USDA should develop a new Beginning Farmer Development Program to support the establishment of multiple beginning farmer training and assistance centers throughout the country. The centers should be formed as collaborations among community-based organizations, in particular, the farm link programs of the National Farm Transition Network, land-grant universities, philanthropic foundations, and private sector organizations, such as banks and agricultural cooperatives. These centers would provide direct training in all aspects of farm management, and provide long-term support through mentoring programs with existing farmers and among peers. Five million dollars could be made available through the Fund for Rural America as a competitive grant for seed money to establish the centers. Funding could also be leveraged from existing USDA sources, such as the contract funding provided for FSA borrower training.

⁷² Issues in Agriculture and Rural Finance / AIB-724-04. Economic Research Service, USDA. August 1996. p. 2.



Beginning farmers can currently receive operating loans of up to \$100,000, at a subsidized interest rate. This creates an incentive for beginning farmers to borrow and adopt capital-intensive approaches to farming. Instead of loans, a grant could be an alternative, cost-effective strategy for giving beginning farmers seed money to begin to build equity in a farming operation. The grants would enable beginning farmers to build equity and enter agriculture through lower capital approaches, using low-cost technologies such as hoop houses for swine production, and low-cost approaches such as leasing breeding herds for a share of the production. This approach would reduce risk of farm failure, because beginning farmers would focus on building equity rather than debt. It would create an incentive for saving and investment, rather than borrowing. It would eliminate the potential for large government losses due to default that come with loans.

Recommendation 5.6

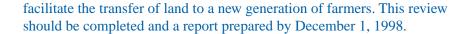
The Farm Service Agency should seek legislative authority to create a Beginning Farmer Grant program for the purpose of supplying seed money for beginning farmers. FSA would make grants of up to \$7,500 per year, for a maximum of \$20,000 total over 5 years. The grants would require a 50 percent cash match by a beginning farmer, or supporting community members or organizations, such as community foundations. To qualify, the beginning farmer would have to meet FSA eligibility criteria as modified in Recommendation 5.1 and submit a suitable farm plan. Beginning farmers who recieve these grants would not be eligible for chattel or other FSA operating loans at the same time. Beginning farmers grants would be no more expensive than operating loans. In recent years, the cost to government for interest subsidies and loan losses on operating loans have averaged about \$5,000 per borrower annually. The cost of a grant program would be comparable.

Tax policy

The last comprehensive study of the effects of tax policy on the structure of agriculture was conducted in the early 1980's as part of Secretary Bergland's structure of agriculture project. This research concluded that Federal tax policies altered the structure of agriculture by contributing to higher land prices, providing strong incentives for larger farm operations to grow, and by encouraging high-income taxpayers to invest in certain farming activities to shelter income. The tax code, as well as the structure of agriculture, has changed substantially since this research was completed. However, USDA has conducted little research concerning the ongoing effects of tax policies on farming opportunities and the structure of agriculture.

Recommendation 5.7

The Commission recommends that ERS coordinate a study through cooperative agreements with experts in agricultural tax law and farmland transfer. The study should include a review of the tax code to examine the effect of the current tax code on entry and exit from farming. The study should make recommendations to the President of the United States, the Secretary of Agriculture, the Secretary of the Treasury, and the Chairs of both the House and Senate Finance Committees on how the tax code can be changed to



The study should examine ways to provide incentives to retiring farmers to assist new farmers in getting started. Considering the average advancing age of farmers in this country (now at 53+), the Commission recommends that the tax code be revised to exempt from taxation the first \$10,000 of income from the lease of farmland, facilities, or equipment to a beginning farmer. The USDA definition of "beginning farmer" should be used.

In addition, the study should reconsider the taxation of profit resulting from depreciation recapture on equipment when the sale is under the installment method. Currently, the seller can often be in a situation where the amount of income tax due in the year of sale substantially exceeds the cash received from the sale in that same year when sold under installment. If this depreciation recapture were exempted from the immediate recognition requirement under the installment sale rules, for sales to beginning farmers only, the farmer would then be able to sell the farm with a small downpayment, and allow a new farmer, who usually lacks cash, to enter the business. This would allow the farmer to recognize the income and pay the tax ratably over the life of the mortgage as the principal payments are received. This would convert the sale of the farm into an income stream equivalent to a retirement annuity.

Because if it's a cost-prohibitive answer, it's no answer at all...

— Richard Edgar, Alabama

Recommendation 5.8

Farm entry strategies

In addition to accessing capital, another strategy for entry includes farming methods that require low capital investment to get started. There are fledgling efforts to design, test, and demonstrate these techniques and strategies, mostly among nonprofit organizations and farmers themselves, but intentional public support to research and develop less capital-intensive strategies is needed to provide economically conservative entry strategies for beginning farmers. Strategies are also needed to identify and develop high-value crop and livestock production systems and marketing infrastructure that will reward a beginning farmer for his or her labor and management skills.

USDA should launch an interagency Beginning Farmer Initiative dedicated to researching, developing, disseminating, and supporting farm management models that emphasize low capital investment, optimal use of skilled labor and management potential of beginning farmers, and high-value crop and livestock production and marketing methods. An interagency coordinating body should include representatives from ARS, CSREES, Cooperative Extension, ERS, NASS, AMS, NRCS, FS, FSA, RBS, and FAS. The USDA Beginning Farmer Advisory Board, authorized in the 1992 Farm Credit Improvement Act, should be appointed expeditiously in order to provide guidance and oversight in the development and delivery of this initiative. The board should include beginning farmers and farmworkers. This initiative should include:

- a) research and educational programs on low-capital options for getting started, innovative means of acquiring capital, business planning, farm management, and marketing skills;
- **b**) outreach with educational forums for rural communities, about how they can support establishment of new small farms through strategies such as share leases, selling land on contract where the interest is tax exempt, trading of labor for use of equipment, and community-based financing; and
- c) collaborative partnerships with community-based organizations, such as the Rural Development Center, and organizational members of the National Farm Transition Network, to train and assist beginning farmers.

The Secretary's one-third of the Fund for Rural America should include a focus to support beginning small farmers through research and education to strengthen small livestock farms; develop small farm marketing cooperatives and other marketing alternatives; and support State and regional networks and nonprofit farmlink programs.

The Economic Research Service, in cooperation with legal and financial experts, should conduct research and analysis to design alternative financial and legal methods for the transfer of farms from retiring to beginning farmers. In addition, this focus should utilize unbiased organizations to proactively encourage farm transfer to beginning and small farmers by assisting existing farmers in maintaining the farm asset value and productive potential throughout the life of the farm.

Cooperatives

Farmer-owned cooperatives hold promise as a means for farmers – both established and beginning – to assert greater control over the prices for their products and to retain a greater share of value added to raw commodities. To ensure the long-term viability of farm cooperatives and to enable the success of beginning farmers, efforts should be taken to include beginning farmers directly in co-op development. For example, one of the limitations of a closed cooperative is that when a farmer quits or dies, usually existing members buy the farmer's shares, and ownership gradually concentrates among a smaller number of existing larger farms instead of replenishing the membership with new farmers.

USDA's Rural Business-Cooperative Service should research and develop means for cooperatives to enable new small farmers to join cooperatives, to ensure that control remains dispersed. For example, cooperatives could have a plan for allocating a portion of freed-up shares to beginning farmers. Beginning farmers would be given an opportunity to purchase the stock before existing members. In addition, the cooperative could also provide beginning

Recommendation 5.9

Recommendation 5.10

Recommendation 5.11

Small farms have a role in urban and suburban areas as well as the traditional view of rural areas. Small farms have a role in preserving some of the farmland that's rapidly disappearing.

- John Fawcett-Long, Washington.

Recommendation 5.12

Recommendation 5.13

farmers a means to finance or assist in the financing of the stock purchase. USDA should emphasize means to include beginning farmer participation in its assistance to new and existing cooperatives.

USDA's Rural Business-Cooperative Services should also research and develop cooperative models that address the barriers beginning farmers face, particularly models that would ease the high cost of initial capital investment. For example, a farmer from North Dakota proposed the idea of an Op-Co, an operational cooperative. The Op-Co would involve the allocation of farm management operations among several farmers. One farmer might specialize in marketing, another in purchasing, one in bookkeeping, and another in management. This model could also include sharing or joint ownership of equipment and facilities. A feasibility study of this model should be completed and publicized.

Farmland preservation

Land continues to be developed for non-agricultural uses in areas of high agricultural production. According to an American Farmland Trust study, the United States is converting a total of about 1 million acres of farmland per year to other uses. 73 Testimony from the Puget Sound Land Trust in Portland indicated that where farmland is being threatened by development pressure, it "has a very profound effect on small farmers, both those who are in farming now and want to stay in farming, but are facing development pressure from suburbs and subdivisions growing up around them, and people who want to get into farming and are trying to compete with land speculators to buy farmland."⁷⁴ Efforts to preserve farmland are critical to enabling the next generation of farmers to enter farming. Assessments of farmland eligible for preservation assistance should include the potential of transition of the farm to a beginning farmer.

USDA should identify priority factors for farmland preservation, including, but not limited to, soil types and the potential transition of a farm to a beginning farmer. These factors should be shared with counties for use in decisions about land zoning.

The Natural Resources Conservation Service should consider expanding the Farmland Preservation Program to include matching grants to nonprofit land trusts. Land trust organizations have experience and expertise and contacts with local landowners. Land trusts work with low overhead and effectively extend their budgets to get the most results for the smallest amount of money, making limited Federal dollars go further.

⁷³ American Farmland Trust, Saving American Farmland: What Works, July 1997. p. 3.

⁷⁴ Testimony of Melinda McBride, Puget Sound Farm Trust, Seattle, WA, at public meeting, Portland, OR. September 5, 1997.



Policy Goal 6 Emphasize Sustainable Agriculture as a Profitable, Ecological and Socially Sound Strategy for Small Farms

Small family farms have kept our water pure, our environment clean, for over a hundred years. Factory livestock farming and corporate farming could end all of that.

- Bob Weber, South Dakota

Sustainable agriculture integrates three main goals – environmental health, economic profitability, and social and economic equity.⁷⁵ Farming systems that simultaneously pursue these three goals hold great potential for maintaining the viability of small farms, and they contribute to the well-being of rural communities and stewardship of our natural resources.

At the Washington, DC, public meeting, an Illinois farmer who raises over six different grain crops pointed out that "a great deal of effort, in both the private and public sectors, has gone into developing technologies, products and marketing structures that require farmers to spend more money on capitalintensive systems to produce raw commodities on a large scale, often at a great harm to the natural environment." This farmer went on to recommend that USDA focus its resources instead on the development of farm management systems and technologies "to enable farmers to develop farming systems which use their management and labor to produce higher value products in ways consistent with long-term environmental enhancement and higher returns per acre."76

The underlying trend toward small farm decline reflects fundamental technological and market changes. Simply put, conventional agriculture adds less and less value to food and fiber on the farm and more and more in the input and post-harvest sectors. We spend more on capital and inputs to enable fewer people to produce the Nation's food and look primarily to off-farm processing to produce higher value products. Sustainable agriculture strives to change this trend by developing knowledge and strategies by which farmers can capture a larger share of the agricultural dollar by using their management and skills to cut capital and input costs — so a large share of the prices they receive for their products remain in their own pockets — and by producing products of higher value right on the farm.

The stewardship goal of sustainable agriculture recognizes farming's impact on, and contribution to, environmental quality. Sustainable agriculture emphasizes farming practices, technologies, and management systems that protect water quality, create habitat for wildlife, improve soil quality, and reduce reliance on non-renewable energy sources. The specific farming practices chosen by individual farmers are highly dependent on the farm topography, climate, pest populations, soil characteristics, on-farm availability of resources and the farmer's goals for his or her family. While the practices will vary from farm to farm, the principles of sustainable farming systems are:

^{75 &}quot;What is Sustainable Agriculture?" University of California Sustainable Agriculture Research and Education Program. December, 1991, p. 1.

Testimony presented by Kevin Brussell, at Washington, DC, public meeting, September 10, 1997.

- Selection of species and varieties that are well suited to the site and conditions on the farm;
- Diversification of crops and livestock and farming practices to enhance the biological and economic stability of the farm;
- Management of the soil to enhance and protect soil quality;
- Efficient and humane use of inputs; and
- Consideration of farmers' goals and lifestyle choices.⁷⁷

Diversification enables small farm operators to spread economic risk. At the same time, diversification can provide biological assets to maximize on-farm resources, thus lowering the cost of production. Crop rotation and use of cover crops can provide additional sources of crop diversity, while at the same time suppressing weeds, soil pathogens, and insects. In farming systems that mix crop and livestock production, this diversity allows for rotation of forage and grain crops to enhance soil quality and control erosion, utilize livestock manure as a crop nutrient, and make more efficient use of farm labor. Sustainable farming systems provide small farmers a means to develop efficient, biologically based systems that rely less on purchased inputs and yield greater returns to a farmer's ingenuity and management skills.

In addition to cutting production costs as a means to attain the profitability goal of sustainable agriculture, marketing strategies are also needed that allow farmers to gain a greater return on the value of their products. This includes direct marketing, value-added processing, and production of high-value crops that command market premiums, like those enjoyed by organic foods.

SARE research results

Sustainable agriculture research and education information is not sufficiently available. The research results and new information generated through the USDA-CSREES Sustainable Agriculture Research and Education (SARE) competitive grant program provides valuable management strategies and farming practices for small farms. However, the widespread usefulness and application of these results are limited because sustainable agriculture represents only a fraction of USDA's research and extension funding. For example, a cotton farmer from Alabama told the Commission about the great interest in conducting on-farm research. Out of 101 applications for producer grants in the Southern region, grant awards were made to only 19 applicants due to limited funds. Sustainable agriculture research and education should be given a higher priority for funding (see also Policy Goal 7, *Recommendation 7.1*). At the same time, USDA can do more to supply farmers with the information and research results from past and current SARE research.

^{77 &}quot;What is Sustainable Agriculture?" University of California Sustainable Agriculture Research and Education Program. December, 1991, p. 1.

⁷⁸ Testimony of Richard Edgar, Alabama Farmers Federation, Deatsville, AL, at public meeting, Memphis, TN. July 28, 1997.

Recommendation 6.1

The USDA Office of Communications, working in cooperation with the new Office of Outreach, CSREES, ERS, NRCS, FSA, Forest Service, Cooperative Extension, RBS, and AMS, should develop and conduct a communications campaign to inform farmers of the new farming systems, strategies, practices, and technologies emerging from the 10 years of SARE research. The communications campaign should emphasize those strategies that reduce production costs, make more efficient use of biological assets, diversify economic risk, and earn a higher value for farm products. The campaign could include: placement of articles in farm magazines, presentations to the National Farm Broadcasters, farmer profiles in USDA publications and agency newsletters, and radio stories or Public Service Announcements about SARE research results. USDA field agency staff of NRCS and FSA, as well as Cooperative Extension, should also be targeted to receive SARE research results so that they can provide small farmers with the latest production research to improve farm profitability.

Recommendation 6.2

Cooperative Extension, NRCS, and FSA field staff should identify places where small farms have particularly high reliance on pesticide and nutrient use. Targeted outreach would provide small farmers in those regions with information and technical assistance on sustainable agriculture practices.

Recommendation 6.3

USDA's Office of Communications, in cooperation with the new Office of Outreach, AMS, ARS, CSREES, ERS, NRCS, and FSA, should develop a communications effort on organic farming to coincide with the publication of the final rule for the National Organic Standards. The communications campaign should target consumers to explain what organic food is and how it is produced. It should also target farmers – those who are currently growing organic crops and livestock and those who are potentially interested. In addition to explaining the new standards, the campaign should include information on how to make the transition to organic production and where to get information and assistance.

Recommendation 6.4

The USDA Office of Outreach, with leadership from the USDA Director of Sustainable Development, should work closely with the President's Commission on Sustainable Development (PCSD), linking citizens interested in sustainable development, (often limited in scope to urban and metropolitan issues), with sustainable agriculture and farmers. Through the PCSD's interaction with the Joint Center for Sustainable Communities, the USDA Director of Sustainable Development should develop linkages with those county and city governments interested in sustainable development and agriculture, supporting their efforts to link urban leaders, and thereby urban consumers, with farmers who are producing products with attention to stewardship of our natural resources. The Office of Outreach, RBS, CSREES, and AMS should be involved with the planning of PCSD's upcoming National Conference on Sustainable Development to ensure that involved citizens, urban leaders, rural



and community development officials, and non-governmental organizations understand and develop linkages between sustainable communities and sustainable agriculture.

Recommendation 6.5

The Cooperative State Research, Education, and Extension Service should encourage land-grant university colleges of agriculture to offer courses in sustainable agriculture and organic farming as electives for degrees in agriculture.

Public lands grazing

Traditionally, communal grazing rights were granted under Colonial Spanish and Mexican land grants and have been utilized for over three centuries. Due to the climatic conditions of the arid Southwest, livestock grazing was practical and deemed essential for the survival of the people. The United States Government, under the Treaty of Guadalupe Hidalgo, accepted and guaranteed these rights to the descendants of the grantees. Many of these lands are now held in trust by the USDA Forest Service and the Department of the Interior's Bureau of Land Management, which provide permitees with livestock grazing rights. American Indians and other small ranchers in the West also depend on public lands for grazing. Small and traditionally undeserved ranchers still depend — in most cases completely – on these traditional lands for livestock grazing to remain economically viable.

Livestock grazing plays an important role in maintaining a balanced ecosystem. Many lands are not suitable for crop production and must be managed and maintained as traditional savanna grasslands. Livestock grazing, along with other management tools (e.g., controlled burns), maintains the vitality of savanna grasslands by suppressing the encroachment of woody shrubs and trees, enhancing native grass species, improving wildlife habitat, and contributing to biological diversity.

Livestock grazing permits have come under opposition because of increased public land use competition and some groups desire to eliminate livestock grazing from public lands. This controversy has led to a tangle of lawsuits against public agencies, questioning their upholding the Endangered Species Act. A recent court injunction could mean the removal of thousands of cattle from national grazing allotments in the Southwest. For thousands of small ranchers, traditional access to public lands for grazing is critical to their economic livelihood.

Over the past 50 years, 35 - 60 percent of traditional savanna grasslands in many of the Southwestern public lands have been lost due to woody plant encroachment and dense stands of coniferous trees. This dense overgrowth has shaded out plant and wildlife diversity on these public lands. In addition, wildlife ungulate species (elk) have been allowed to increase without regard to range carrying capacity. Public land managers have adjusted range carrying capacity by reducing livestock stocking rates (permits) for the small ranch



permittee, thus causing additional economic hardship to the small ranchers. A sustainable and viable ecosystem can only come about with balances, and not at the expense of the small and traditionally underserved farmers and ranchers.

Recommendation 6.6

The Secretary of Agriculture should support legislative initiatives and administrative policy that recognizes and preserves the grazing and water use rights of the small and traditionally underserved public land permittee as was granted through the Treaty of Guadalupe Hidalgo. USDA should support legislation that is now being introduced to establish a commission to investigate individual rights of land grants and the legal rights given through U.S. treaty to the small and traditionally underserved farmers and ranchers.

Recommendation 6.7

The Economic Research Service should conduct economic impact studies determining the importance of livestock grazing on public lands and the importance to rural economies.

Recommendation 6.8

Reductions in grazing permits should be suspended on U.S. Forest Service allotments while plans are designed to enact sustainable system practices, including conservation improvements (controlled burns, water distribution improvement, reseeding, crossfencing, proper wildlife distribution, etc). Special attention and assistance should be given to public land permittees who wish to develop "grassbank" allotments on unused, underused, and newly acquired public lands. These "grassbanks" can be utilized by permittees while their allotments are undergoing conservation improvement.

Recommendation 6.9

Public land agencies should develop Coordinated Resource Management Teams for those interested in the use of public lands, to develop management plan objectives and seek solutions to the problems facing the multiple use of public lands. These consortiums should consist of the USDA Forest Service, the Department of the Interior's Bureau of Land Management and U.S. Fish and Wildlife Service, farmers, ranchers, environmental groups, recreational enthusiasts, State wildlife departments, and private foundations.

Recommendation 6.10

The USDA Forest Service should use 100 percent of grazing fees to fund conservation programs within the district of origin (where the fees were collected). The Forest Service and other appropriate agencies should continue to provide reliable and credible science in managing public lands and in preparation for future litigation concerning the Endangered Species and the Clean Water Acts. A full-time, sustainable technical force should be in place to provide ongoing research in the monitoring and management of public lands.

Farm revenue insurance

Federal farm revenue insurance programs discriminate against farmers using rotational cropping practices by limiting coverage to a few major crops. Such farmers use diversification, including crop and livestock integration, as a core part of their production system. Thus, much of their production is not eligible



for revenue insurance as currently structured and the program is far less useful to them than to farmers who produce only major crops eligible for coverage.

Recommendation 6.11

USDA's Risk Management Agency should develop an affordable Whole Farm Revenue Insurance pilot project for diversified small farms using sustainable farming practices. However, participants in the pilot project would be eligible for no more than \$250,000 worth of whole farm revenue insurance. The proposed insurance would provide protection against losses relative to whole farm income based on reasonable price and yield projections.

EQIP

The 1996 FAIR Act consolidated the conservation cost-share programs into the Environmental Quality Improvement Program (EQIP). Half of EQIP is to be used for livestock manure management. Large, confined livestock operations are prohibited from accessing EQIP funds for the construction of animal waste storage or treatment facilities. The regulations define a large, confined livestock operation as one with more than 1,000 animal units; however, each State NRCS State Conservationist, after consultation with the State Technical Committee, has the flexibility to modify this national standard to meet each States' conservation needs. The waiver must by approved by the chief of the NRCS.

Recommendation 6.12

The Commission urges the Chief of the NRCS to exercise restraint in approving exceptions to the 1,000-animal-units eligibility limit on EQIP funding for manure storage structures, taking into consideration the impact of subsidizing large farm expansion on income and opportunities for small farms.

USDA as an advocate

Certain laws not administered by USDA can have a direct influence on the viability of small farm operators. USDA should represent the interests of small farms before other Federal agencies and Congress to ensure that the needs of small farms are understood.

Recommendation 6.13

As Congress considers reauthorization of the Endangered Species Act and other natural resource laws administered by other Federal agencies, the Secretary of Agriculture should provide information to Congress on any impact that they may have on the needs and rights of small farm and ranch operators. The Secretary should advocate means to provide incentives to small farm and ranch operators for recovery of endangered species and preservation of natural resources in general.

Agroforestry

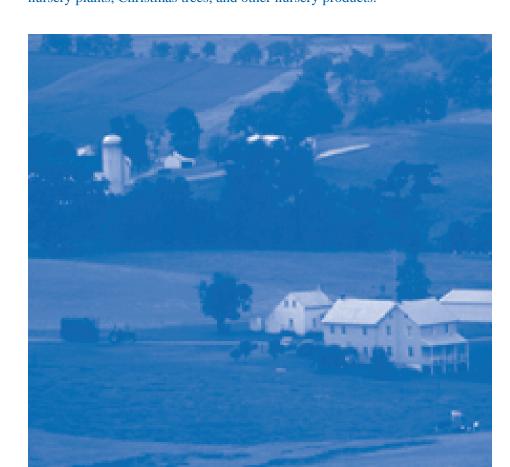
Agroforestry offers small farm operators a means for economic diversification, windbreaks, biological diversity, and habitat for wildlife. USDA Extension, conservation, and forestry services should make greater efforts to promote and support agroforestry as part of an economic and ecological strategy for a healthy agriculture.

The Cooperative State Research, Education, and Extension Service and the Forest Service should sponsor a series of regional pilot projects that will demonstrate forestry opportunities for small farms and ranches. These pilot projects should demonstrate the concept of sustainable forestry on limited-

acreage farms and ranches.

Recommendation 6.15 The Natural Resources Conservation Service should implement a policy that will result in the inclusion of potential commercial values of timber and woodlots in every farm plan. Such documentation is needed to prove loss of property to the Internal Revenue Service in the event of natural disasters.

> USDA's Risk Management Agency should expeditiously investigate and develop new insurance policies for emerging products such as containerized nursery plants, Christmas trees, and other nursery products.



Recommendation 6.14

Recommendation 6.16